

**38 CFR Part 17****RIN 2900-AR31****Readjustment Counseling Service Scholarship Program****AGENCY:** Department of Veterans Affairs.**ACTION:** Proposed rule.

SUMMARY: The Department of Veterans Affairs (VA) proposes to amend its regulations by adding new regulations that would govern scholarship programs to certain health care professionals. This rulemaking implements the mandates of the Commander John Scott Hannon Veterans Mental Health Care Improvement Act of 2019 by establishing the Readjustment Counseling Service Scholarship Program (RCSSP). The RCSSP provides educational assistance to individuals who pursue a graduate degree in psychology, social work, marriage and family therapy, or mental health counseling that meet the education requirements for appointment as a health care professional in one of those fields in VA Vet Centers.

DATES: Comments must be received on or before **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

ADDRESSES: Comments may be submitted through www.Regulations.gov.

Comments should indicate that they are submitted in response to “RIN 2900-AR31–Readjustment Counseling Service Scholarship Program.” Comments received will be available at [regulations.gov](https://www.regulations.gov) for public viewing, inspection, or copies.

FOR FURTHER INFORMATION CONTACT: Charles Flora, Social Science Specialist, Readjustment Counseling Services, 810 Vermont Ave. NW, Washington, DC 20420, (202) 461-6525. (This is not a toll-free telephone number.)

SUPPLEMENTARY INFORMATION: On October 17, 2020, § 502 of Public Law 116-171, the Commander John Scott Hannon Veterans Mental Health Care Improvement Act of 2019, amended 38 United States Code (U.S.C.) by establishing new §§ 7698 through 7699B and creating a new scholarship program known as the Readjustment Counseling Service Scholarship Program (RCSSP). The RCSSP would serve as an incentive to individuals who are pursuing a graduate degree in psychology, social work, marriage and family therapy, or mental health counseling to fill existing and future vacancies in Vet Centers.

Section 1712A(h)(1) of Title 38, U.S. Code defines a Vet Center as a facility which is operated by the Department for the provision of services under this section and which is situated apart from Department general health care facilities. The purpose of the Vet Center is to assist veterans in adjusting to civilian life or to provide readjustment to servicemembers for continued military service following participation in or support of operations in a combat theater or area of hostility; to assist family members of servicemembers when coping with such member's deployment; and to assist family members of veterans and servicemembers in aiding a veteran's or member's readjustment to civilian or continued military service following their participation in or support of operations in a combat theater or area of hostility, specifically as it relates to the veteran's or member's military experience.

The RCSSP would assist VA in filling vacancies in Vet Centers that are located in areas that are designated as medically underserved populations and in States with a per capita population of more than five percent veterans according to the National Center for Veterans Analysis and Statistics and the Bureau of the Census (42 U.S.C. 254b(b)(3)). This proposed rule would establish the requirements for the RCSSP in proposed 38 CFR 17.545 through 17.553.

Section 17.545 Purpose.

Proposed § 17.545 would state the purpose of §§ 17.545 through 17.553, which is to establish the RCSSP as part of VA's Educational Assistance Program. We would also state that for purposes of the RCSSP, the term Vet Center has the meaning given in 38 U.S.C. 1712A(h). This section would be aligned with 38 U.S.C. 7698.

Section 17.547 Eligibility.

Proposed § 17.547 would establish the eligibility criteria for participants of the RCSSP. These eligibility criteria are aligned with § 7699(a). We would state that an individual is eligible to participate in the RCSSP if that individual meets both of the following eligibility criteria: (1) the individual must be accepted for enrollment or be currently enrolled on a full-time basis in a program of study at an accredited educational institution, school, or training program leading to a terminal degree in psychology, social work, marriage and family therapy, or mental health counseling that would meet the education requirements for appointment to a position in one of those fields under 38 U.S.C. 7402(b) (§ 7402(b) of Title 38 U.S. Code provides the qualification requirements of appointees as VA health care professionals); and (2) the individual must enter into an agreement with the Secretary under proposed § 17.551, which is described below.

Section 17.548 Scholarship Availability and Application Procedures.

The Commander John Scott Hannon Veterans Mental Health Care Improvement Act of 2019 was silent on the availability of and application procedures for the RCSSP. We would, therefore, mirror the language of similar scholarship programs in proposed § 17.548 regarding the availability of and application procedures.

Proposed paragraph (a) would describe the availability for RCSSP scholarships. We would state that VA will make awards under the RCSSP only when VA determines it is necessary to assist in alleviating shortages or anticipated shortages of psychologists, social workers, marriage and family therapists, or mental health counseling professionals in Vet Centers. Additionally, we would state that VA's determination of the

number of RCSSP scholarships to be awarded in a fiscal year is subject to the availability of appropriations. This language mirrors that in § 17.628.

Proposed paragraph (b) would state that each individual who seeks a RCSSP scholarship must submit an accurate and complete application, including a signed acceptance agreement. This language mirrors that in § 17.629.

We would state in proposed paragraph (c) that VA will notify applicants prior to acceptance in the RCSSP of the following information: A fair summary of the rights and liabilities of an individual whose application is approved by VA and whose acceptance agreement is consummated by VA; and full description of the terms and conditions that apply to participation in the RCSSP and service in VA. This language also mirrors § 17.629.

Section 17.549 Award procedures.

We would establish the award procedures for participants of the RCSSP in proposed § 17.549, which will include priority for selection, placement considerations, and amount of funding. Proposed paragraph (a) would be in alignment with 38 U.S.C. 7699(b) by establishing the two priorities for the selection of individuals to participate in the RCSSP. We would state in proposed paragraph (a)(1) that VA would give priority to an individual who agrees to be employed at Vet Centers that are located in communities that are designated as medically underserved populations under § 330(b)(3) of the Public Health Service Act (42 U.S.C. 254b(b)(3)) and Vet Centers that are located in States with a per capita population of more than five percent veterans according to the National Center for Veterans Analysis and Statistics and the Bureau of the Census. We would state in proposed paragraph (a)(2) that priority would also be given to veterans.

In proposed paragraph (b) we would add placement criteria that VA will consider when determining at which Vet Center the scholarship recipient will work to carry out their service obligation. This placement criteria would include the priority criteria in

proposed paragraph (a) of this section. There would also be an additional criterion to ensure that standards for supervision required for professional licensure are met. VA would consider the size and professional makeup of the current Vet Center staff to ensure that the Vet Center staff has health care professionals that are licensed to supervise participants of the RCSSP from the same health care profession as required by VA professional qualification standards for licensure for each of the four aforementioned professions. The additional placement criterion would ensure that the participants are placed in Vet Centers where they would have direct supervision by health care providers within their same profession as required by the VA professional qualification standards.

Proposed paragraph (c) would be in alignment with 38 U.S.C. 7699(c)(1) by establishing the funds covered under the RCSSP. We would state that the funds would cover the costs of an individual obtaining a terminal doctorate degree (as defined in the qualification standards) in psychology; and a terminal master level degree in social work, marriage and family therapy, or professional mental health counseling. We would also state that VA would pay a participant of the RCSSP for a maximum of two years. We note that RCSSP payments are paid prospectively and does not cover the past costs of the participant's education and expenses accrued pre-award. Therefore, if a scholarship recipient applies and is selected to the RCSSP in the middle of their degree program, VA would only pay for the tuition payments still outstanding. VA would not reimburse the scholarship recipient for tuition payments already paid. Furthermore, if the scholarship recipient completes the degree early or is receiving a partial scholarship from a different source, VA would only pay for the actual expenses owed by the recipient. We would also state that if a participant completes their terminal degree in less than two years, the period of obligated service remains unchanged.

In proposed paragraph (c)(1), VA would state that social work, marriage and family therapy, and professional mental health counseling are master level programs that require an approximate two-year period for achieving the terminal degree. VA would fund RCSSP social work, marriage and family therapy, and professional mental health counseling participants for a maximum of two years.

In proposed paragraph (c)(2), we would state that psychology is a doctoral level program requiring approximately five years for completion of the terminal academic degree. However, to equalize the award and obligated service requirements across all four professions, VA would also state that, although psychology is a doctoral level program requiring approximately five years for completion for the terminal academic degree, VA funding for RCSSP psychology participants would only be for the last two years of their academic training for the terminal doctorate degree.

We note that psychology graduates are also required to participate in a one-year residency at either an American Psychology Association (APA) or Canadian Psychological Association (CPA) accredited program prior to qualifying for full time VA employment. The internship is under separate funding authority and VA would, therefore, not provide funding for the one-year internship. Additionally, in order to obtain an APA or CPA accredited internship, an individual must participate in the Association of Psychology Postdoctoral and Internship Centers (APPIC) process where they can match with an internship program . An individual who participates in the APPIC process is not guaranteed to match with an APA or CPA accredited internship. Should a scholarship participant not receive a match with an APA or CPA accredited internship, they would be considered in breach of their agreement because they would not be eligible to work at VA and would be unable to fulfil their period of obligated service at a Vet Center.

Proposed paragraph (d) would state what would constitute a payment for the RCSSP. We would state that participants would be exempt from Federal taxation. We would also state that payment would consist of the actual cost of tuition and required fees; other educational expenses, including books and laboratory equipment; and a monthly stipend, for the duration of the scholarship award. We would specify that the Secretary may determine the amount of the stipend paid to participants, but that amount may not exceed the maximum amount provided for in 38 U.S.C. 7613(b). This proposed paragraph is in alignment with similar scholarship programs. See § 17.606(a).

Section 17.551 Agreement and obligated service.

Section 7699(c) of 38 U.S.C. establishes the agreement criteria for participants of the RCSSP. We would state these criteria in proposed § 17.551(a) as follows: (1)

Proposed paragraph (a)(1) would state that the participant of the RCSSP must agree to maintain enrollment, attendance, and acceptable level of academic standing as defined by the school.(2) Proposed paragraph (a)(2) would state that the participant must obtain a terminal degree in psychology, social work, marriage and family therapy, or professional mental health counseling. For psychology, a terminal degree means a doctorate degree and for social work, marriage and family therapy, and professional mental health counseling a terminal degree means a masters level degree.

(3) Proposed paragraph (a)(3) would state that the participant must be employed as a full-time VA employee at a Vet Center for a period of six-years as a psychologist, social worker, marriage and family therapist, or professional mental health counselor following the completion of such program of study.

(4) Lastly, proposed paragraph (a)(4) would state psychologists must complete a one-year internship at either an APA or CPA accredited program. We would add that obtaining an APA or CPA accredited internship requires that an individual participate in

the APPIC process. If a scholarship participant does not participate in an APA or CPA accredited internship, they are in breach of their agreement. We note that participation in an APA or CPA accredited internship is a requirement for VA employment.

Section 7699A of 38 U.S.C. establishes the period of obligated service for a participant of the RCSSP. We would restate § 7699A(b)(1) in proposed § 17.551(b)(1) by stating that VA will notify the participant of the commencement date of the period of obligated service no later than 60 days before such date.

Section 7699A(a) establishes the obligated service for the RCSSP. However, the statute is silent as how soon after the participant completes their terminal degree the period of obligated service should commence. We would, therefore, state in proposed § 17.551(b)(2)(i) that the participant's period of obligated service will begin on the date the participant begins full-time permanent employment at a Vet Center as a psychologist, social worker, marriage and family therapist, or professional mental health counselor, but no later than 180 days after the date that the participant completes a terminal degree in one of the identified disciplines.

We would also state that all RCSSP psychology participants would assume their period of obligated service within 180 days following completion of their one-year APA or CPA internship, which requires completion of all academic requirements to obtain a terminal doctorate degree. This includes completion of all academic requirements and the dissertation required for graduation with a terminal doctorate degree. A participant's failure to meet these requirements, would be considered a breach of their acceptance agreement. VA has used similar language in other VA scholarship programs. See § 17.607(b)(1).

We would also describe in proposed § 17.551(b)(2)(i)(ii) the period of clinical supervision by a licensed health care professional of the same discipline. This period of clinical supervision is aligned with State licensure requirements for each of the health

care professions covered under the RCSSP and a requirement for maintaining VA employment. We would state in proposed § 17.551(b)(2)(ii) that, upon receipt of the terminal degree, participants will enter VA employment at the entry level until full licensure at the independent practice level has been attained. We would add that independent practice licensure is a requirement for all scholarship participants. Also, non-licensed psychologists, social workers, marriage and family therapists, and professional mental health counselors are required to serve under the supervision of a licensed health care professional of their profession and must be independently licensed by a State within the time frame specified in VA qualification standards.

VA understands that obtaining a terminal degree and the required license for each health care profession can be challenging. As such, VA will actively monitor all RCSSP participants to make certain that the participant abides by the requirements of the acceptance agreement. We would state in proposed § 17.551(b)(2)(iii) that VA will actively assist and monitor participants to ensure State licenses are obtained in a minimal amount of time following graduation and required supervision. We would add that if a participant fails to obtain their terminal degree or fails to obtain licensure in a State at the independent practice level no later than 180 days after the required period of supervision for their profession, the participant is considered to be in breach of the acceptance agreement. This language is similar to that of other VA scholarship programs. See § 17.607(b)(1).

In alignment with similar scholarship programs, we would state that VA reserves the right to make final decisions on the location and position of the obligated service. See 38 CFR 17.607(d). VA believes that is necessary to reserve the right to make final decisions on the location to achieve the intent of the Commander John Scott Hannon Veterans Mental Health Care Improvement Act of 2019. VA must be able to have control over where it places the individuals to ensure VA beneficiaries' health care

needs are met in locations that are within a reasonable proximity to the beneficiaries' residence. We would also state that a participant who receives an RCSSP must be willing to relocate to another geographic location to carry out their service obligation in accordance with the participant's mobility agreement. Because participants must be supervised by a licensed health care profession, we would add that there is a VA requirement for participants to receive supervision from a licensed staff within their respective professions.

Section 17.553 Failure to comply with terms and conditions of agreement.

Section 7699B provides for the repayment of RCSS funds should the participant be in breach of their agreement. Proposed § 17.553 would mirror § 7699B(a) with minor changes. Proposed § 17.553(a) would state the liquidated damages payable to the United States. We would state that except as provided in § 17.553(b), a participant of the RCSSP who fails to accept payment, or instructs the educational institution in which the participant is enrolled not to accept payment, in whole or in part, of a scholarship under the agreement entered into under § 17.551 will be liable to the United States for liquidated damages in the amount of \$1,500. Section 7669B(a)(2) states that liability under paragraph (1) is in addition to any period of obligated service or other obligation or liability under such agreement. However, in alignment with other scholarship programs, VA does not seek/impose liquidation damages in addition to any other service obligation or financial liability. We do not think it prudent to add an additional financial burden to a participant for failure to accept RCSSP funds. We would, therefore, not include this provision as part of the liquidated damages provision in § 17.553(a).

Proposed § 17.553(b) provides for the liability payable to the United States if the participant breaches their agreement during the period of program study and would mirror § 7699B(b) with minor stylistic changes. We would state that except as provided

in § 17.553(d), a participant of the RCSSP will be liable to the United States for the amount that has been paid to or on behalf of the participant under the agreement if the participant fails to maintain an acceptable level of academic standing in the educational institution in which the participant is enrolled, as determined by the educational institution; the participant is dismissed from the educational institution for disciplinary reasons; or the participant voluntarily terminates the program of study in the educational institution before the completion of the program of study for which the RCSSP was awarded. We would add that liability under § 17.553(b) is in lieu of any service obligation arising under the agreement.

Proposed § 17.553(c) provides for the liability payable to the United States if the participant breaches their agreement during the period of obligated service and would mirror § 7699B(c) with minor stylistic changes. We would state that except as provided in § 17.553(d), if a participant of the RCSSP does not complete their period of obligated service, the United States will be entitled to recover from the participant an amount determined in accordance with the following formula: $A = 3\Phi(t-s/t)$, where 'A' is the amount the United States is entitled to recover; ' Φ ' is the sum of: The amounts paid under this subchapter to or on behalf of the participant; and the interest on such amounts, which would be payable if, at the time the amounts were paid, they were loans bearing interest at the maximum legal prevailing rate, as determined by the Treasurer of the United States; 't' is the total number of months in the period of obligated service of the participant; and 's' is the number of months of such period served by the participant.

Proposed § 17.553(d) provides for the limitation on liability payable to the United States due to reductions in force and would mirror § 7699B(d) with minor stylistic changes. We would state that liability will not arise under § 17.553(c) if the participant fails to maintain employment as a VA employee due to a staffing adjustment.

Proposed § 17.553(e) provides for the repayment period on damages owed to the United States and would mirror § 7699B(e) with minor stylistic changes. We would state that the participant will pay the amount of damages that the United States is entitled to recover under § 17.553 in full to the United States no later than one year after the date of the breach of the agreement.

Executive Orders 12866 and 13563

Executive Orders 12866 and 13563 direct agencies to assess the costs and benefits of available regulatory alternatives and, when regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, and other advantages; distributive impacts; and equity). Executive Order 13563 (Improving Regulation and Regulatory Review) emphasizes the importance of quantifying both costs and benefits, reducing costs, harmonizing rules, and promoting flexibility. The Office of Information and Regulatory Affairs has determined that this proposed rule is not a significant regulatory action under Executive Order 12866. The Regulatory Impact Analysis associated with this rulemaking can be found as a supporting document at www.regulations.gov.

Regulatory Flexibility Act

The Secretary hereby certifies that this proposed rule would not have a significant economic impact on a substantial number of small entities as they are defined in the Regulatory Flexibility Act (5 U.S.C. 601-612). The RCSSP will solely be operated and administered within VA. Therefore, pursuant to 5 U.S.C. 605(b), the initial and final regulatory flexibility analysis requirements of 5 U.S.C. 603 and 604 do not apply.

Unfunded Mandates

The Unfunded Mandates Reform Act of 1995 requires, at 2 U.S.C. 1532, that agencies prepare an assessment of anticipated costs and benefits before issuing any

rule that may result in the expenditure by State, local, and tribal governments, in the aggregate, or by the private sector, of \$100 million or more (adjusted annually for inflation) in any one year. This proposed rule would have no such effect on State, local, and tribal governments, or on the private sector.

Paperwork Reduction Act

This proposed rule includes provisions constituting a new collection of information under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3521) that require approval by the Office of Management and Budget (OMB). Accordingly, under 44 U.S.C. 3507(d), VA has submitted a copy of this rulemaking action to OMB for review.

OMB assigns control numbers to collections of information it approves. VA may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. Proposed §§ 17.548 and 17.551 contain a new collection of information. If OMB does not approve the collection of information as requested, VA will immediately remove the provisions containing a collection of information or take such other action as is directed by OMB.

Comments on the new collection of information contained in this rulemaking should be submitted through www.regulations.gov. Comments should indicate that they are submitted in response to “RIN 2900-AR31- Readjustment Counseling Service Scholarship Program” and should be sent within 60 days of publication of this rulemaking. The collection of information associated with this rulemaking can be viewed at: www.reginfo.gov/public/do/PRAMain.

OMB is required to make a decision concerning the collection of information contained in this rulemaking 60 days after publication of this rulemaking in the Federal Register (FR). Therefore, a comment to OMB is best assured of having its full effect if

OMB receives it within 30 days of publication. This does not affect the deadline for the public to comment on the provisions of this rulemaking.

The Department considers comments by the public on new collections of information in:

- Evaluating whether the new collections of information are necessary for the proper performance of the functions of the Department, including whether the information will have practical utility;
- Evaluating the accuracy of the Department's estimate of the burden of the new collections of information, including the validity of the methodology and assumptions used;
- Enhancing the quality, usefulness, and clarity of the information to be collected; and
- Minimizing the burden of the collections of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses.

The collection of information contained in 38 CFR 17.548 and 17.551 is described immediately following this paragraph, under its respective title.

Title: Readjustment Counseling Service Scholarship Program (RCSSP)

OMB Control No: 2900-xxxx (New/TBD)

CFR Provision: 38 CFR 17.548 and 17.551.

- Summary of collection of information: The RCSSP would provide educational assistance to individuals who pursue a graduate degree in psychology, social work, marriage and family therapy, or mental health counseling that would meet the education requirements for appointment as a health care professional in VA Vet Centers.

- Description of need for information and proposed use of information: This information would be collected for applicants who wish to participate in the RCSSP. The information would also be collected for those individuals who are selected to participate in the RCSSP and who must sign an agreement between VA and the eligible individual. This agreement would hold the eligible individual accountable for upholding the terms and conditions of the agreement and alert the eligible individual of the consequences of a breach in the agreement.
- Description of likely respondents: Eligible individuals who apply for the RCSSP and those individuals who are ultimately accepted for participation in the RCSSP.
- Estimated number of respondents: 50 Applicants, 5 Selected Participants from the 50 Applicants.
- Estimated frequency of responses: Applicants and Selected Participants: 1 time.
- Estimated average burden per response:
Applicants: 3 hours.
Selected Participants: 1.6 hours.
- Estimated total annual reporting and recordkeeping burden: 158 hours.
Applicants: 150 hours.
Selected Participants: 8 hours.
- Estimated cost to respondents per year: VA estimates the annual cost to all respondents will be \$4,277 per year (158 burden hours × \$27.07 per hour). VA used the Bureau of Labor Statistics (BLS) median hourly wage for hourly wage

for “all occupations” of \$27.07 per hour. This information is available at

https://www.bls.gov/oes/current/oes_nat.htm#13-0000.

Catalog of Federal Domestic Assistance

There are no Catalog of Federal Domestic Assistance numbers and titles for this proposed rule.

List of Subjects in 38 CFR Part 17

Administrative practice and procedure, Health care, Health facilities, Health professions, Scholarships and fellowships.

Signing Authority

Denis McDonough, Secretary of Veterans Affairs, approved this document on October 26, 2021, and authorized the undersigned to sign and submit the document to the Office of the Federal Register for publication electronically as an official document of the Department of Veterans Affairs.

Consuela Benjamin,

Regulations Development Coordinator,

Office of Regulation Policy & Management,

Office of General Counsel,

Department of Veterans Affairs.

For the reasons stated in the preamble, the Department of Veterans Affairs proposes to amend 38 CFR part 17 as set forth below:

PART 17 – MEDICAL

1. The general authority citation for part 17 continues and an entry for §§ 17.545 through 17.553 is added in numerical order, to read as follows:

Authority: 38 U.S.C. 501, and as noted in specific sections.

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Sections 17.545 through 17.553 are also issued under 38 U.S.C. 7698, 7699, 7699A, and 7699B.

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2. Add an undesignated center heading and §§ 17.545 through 17.553 immediately following § 17.539 to read as follows:

Sec.

Readjustment Counseling Service Scholarship Program

17.545 Purpose.

17.547 Eligibility.

17.548 Application procedures.

17.549 Award procedures.

17.551 Agreement and obligated service.

17.553 Failure to comply with terms and conditions of agreement.

§ 17.545 Purpose.

The purpose of §§ 17.545 through 17.553 is to establish the Readjustment Counseling Service Scholarship Program (RCSSP) as part of VA's Educational

Assistance Program. For purposes of the RCSSP, the term Vet Center has the meaning given that term in 38 U.S.C. 1712A(h).

§ 17.547 Eligibility.

An individual is eligible to participate in the RCSSP if the individual meets the following requirements.

(a) Is accepted for enrollment or be currently enrolled on a full-time basis in a program of study at an accredited educational institution, school, or training program leading to a terminal doctorate degree in psychology, or a terminal masters degree in social work, marriage and family therapy, or mental health counseling that would meet the education requirements for appointment to a position in one of those fields under 38 U.S.C. 7402(b); and

(b) Enters into an agreement with the Secretary under § 17.551.

§ 17.548 Application procedures.

(a) *Availability.* VA will make awards under the RCSSP only when VA determines it is necessary to assist in alleviating shortages of psychologists, social workers, marriage and family therapists, or mental health counseling professionals in Vet Centers. VA's determination of the number of RCSSP scholarships to be awarded in a fiscal year is subject to the availability of appropriations.

(b) *Application-general.* Each individual desiring a RCSSP scholarship must submit an accurate and complete application, including a signed written acceptance agreement.

(c) *VA's duties.* VA will notify applicants prior to acceptance in the RCSSP of the following information:

(1) A fair summary of the rights and liabilities of an individual whose application is approved by VA and whose acceptance agreement is consummated by VA; and

(2) Full description of the terms and conditions that apply to participation in the RCSSP and service in VA.

(The Office of Management and Budget has approved the information collection requirements in this section under control number 2900-XXXX.)

§ 17.549 Award Procedures.

(a) *Priority.* In selecting individuals to participate in the RCSSP VA will give priority to the following individuals:

(1) An individual who agrees to be employed by Vet Centers located in communities that are:

(i) Designated as a medically underserved population under § 330(b)(3) of the Public Health Service Act (42 U.S.C. 254b(b)(3)); and

(ii) In States with a per capita population of more than five percent veterans according to the National Center for Veterans Analysis and Statistics and the Bureau of the Census.

(2) A veteran.

(b) *Placement criteria.* When determining which Vet Center a scholarship recipient will be placed to carry out their service obligation, VA will consider the priority criteria in paragraph (a) of this section and the size and professional makeup of the current Vet Center staff to ensure that the Vet Center staff has health care professionals that are licensed to supervise participants of the RCSSP from the same health care profession as required by VA professional qualification standards for licensure for each of the four professions.

(c) *Amount of funds.* VA will provide a scholarship to individuals who participate in the RCSSP to cover the actual costs of such individuals obtaining a terminal degree in psychology, social work, marriage and family therapy, or professional mental health

counseling for a maximum of two years. If a participant completes their terminal degree in less than two years, the period of obligated service remains unchanged.

(1) Social work, marriage and family therapy, and professional mental health counseling are master level programs that require approximately a two-year period for achieving the terminal degree. VA will fund RCSSP social work, marriage and family therapy, and professional mental health counseling participants for a maximum of two years.

(2) Psychology is a doctoral level program requiring approximately five years for completion of the terminal academic degree. In addition, psychology graduates are required to undergo a one-year residency at either an American Psychology Association (APA) or Canadian Psychological Association (CPA) accredited internship program prior to qualifying for full time VA employment. VA will fund psychology participants for the last two years of their five- year academic training to obtain a terminal doctorate degree. VA will not provide funding for the one-year APA or CPA internship under the RCSSP.

(d) All such payments to scholarship participants are exempt from Federal taxation. The payments will consist of the actual cost of:

- (1) Tuition and required fees;
- (2) Other educational expenses, including books and laboratory equipment; and
- (3) A monthly stipend, for the duration of the scholarship award. The Secretary may determine the amount of the stipend paid to participants, but that amount may not exceed the maximum amount provided for in 38 U.S.C. 7613(b).

§ 17.551 Agreement and obligated service.

(a) *Agreement.* Each participant who accepts funds from the RCSSP will enter into an agreement with VA where the participant agrees to the following:

- (1) Maintain enrollment, attendance, and an acceptable level of academic standing as defined by the school;

(2) Obtain a terminal degree in psychology, social work, marriage and family therapy, or professional mental health counseling; and

(3) Be employed as a full-time VA employee at a Vet Center for a period of six-years as a psychologist, social worker, marriage and family therapist, or professional mental health counselor following the completion of such program of study.

(4) Psychologists must complete a one-year internship at either an American Psychological Association (APA) or Canadian Psychological Association (CPA) accredited program. Obtaining an APA or CPA accredited internship requires that an individual participate in the Association of Psychology Postdoctoral and Internship Centers (APPIC) process. If a scholarship participant does not participate in an APA or CPA accredited internship, they are in breach of their agreement.

(b) *Obligated service.* (1) *Determination of service commencement date.* VA will notify the participant of the commencement date of the period of obligated service no later than 60 days before such date.

(2) *Commencement date of obligated service.* (i) *General.* A participant's period of obligated service will begin on the date the participant begins full-time permanent employment at a Vet Center as a psychologist, social worker, marriage and family therapist, or professional mental health counselor, but no later than 180 days after the date that the participant completes a terminal degree in one of the identified disciplines. Psychology participants will commence their period of obligated service no later than 180 days after completion of their one-year APA or CPA internship, which requires completion of all academic requirements to obtain a terminal doctorate degree.

(ii) *Independent practice.* Upon receipt of the terminal degree participants will enter VA employment at the entry level until full licensure at the independent practice level has been attained. Independent practice licensure is a requirement for all scholarship participants. Non-licensed psychologists, social workers, marriage and

family therapists, and professional mental health counselors are required to serve under the supervision of a licensed health care professional of their profession and must be independently licensed by a State within the time frame specified in VA qualification standards.

(iii) *VA monitoring of participants.* VA will actively assist and monitor participants to ensure State licenses are obtained in a minimal amount of time following graduation and the required period of supervision for their profession. If a participant fails to obtain their terminal degree or fails to obtain licensure in a State at the independent practice level no later than 180 days after the required period of supervision for their profession, the participant is considered to be in breach of the acceptance agreement.

(3) *Location and position of obligated service.* VA reserves the right to make final decisions on the location and position of the obligated service. A participant who receives an RCSSP must be willing to relocate to another geographic location to carry out their service obligation in accordance with the participant's agreement. The requirement for participants to receive supervision from a licensed staff within their respective professions, as a condition for their own licensure, is a critical point for the consideration of the potential location of the obligated service.

(The Office of Management and Budget has approved the information collection requirements in this section under control number XXXX–XXXX.)

§ 17.553 Failure to comply with terms and conditions of agreement.

(a) *Liquidated damages.* Except as provided in paragraph (b) of this section, a participant of the RCSSP who fails to accept payment, or instructs the educational institution in which the participant is enrolled not to accept payment, in whole or in part, of a scholarship under the agreement entered into under § 17.551 will be liable to the United States for liquidated damages in the amount of \$1,500.

(b) *Liability during program of study.* Except as provided in paragraph (d) of this section, a participant of the RCSSP will be liable to the United States for the amount that has been paid to or on behalf of the participant under the agreement if any of the following occurs: Liability under paragraph (b) of this section is in lieu of any service obligation arising under the agreement.

(1) The participant fails to maintain an acceptable level of academic standing in the educational institution in which the participant is enrolled, as determined by the educational institution;

(2) The participant is dismissed from the educational institution for disciplinary reasons; or

(3) The participant voluntarily terminates the program of study in the educational institution before the completion of the program of study for which the RCSSP was awarded.

(c) *Liability during period of obligated service.* Except as provided in paragraph (d) of this section, if a participant of the RCSSP does not complete their period of obligated service, the United States will be entitled to recover from the participant an amount determined in accordance with the following formula: $A = 3\Phi(t-s/t)$, where:

(1) 'A' is the amount the United States is entitled to recover;

(2) 'Φ' is the sum of (i) the amounts paid under this subchapter to or on behalf of the participant, and (ii) the interest on such amounts, which would be payable if at the time the amounts were paid they were loans bearing interest at the maximum legal prevailing rate, as determined by the Treasurer of the United States.

(3) 't' is the total number of months in the period of obligated service of the participant; and

(4) 's' is the number of months of such period served by the participant.

(d) *Limitation on liability for reductions-in-force.* Liability will not arise under Section 17.553(c) if the participant fails to maintain employment as a VA employee due to a staffing adjustment.

(e) *Repayment period.* The participant will pay the amount of damages that the United States is entitled to recover under § 17.553 in full to the United States no later than one year after the date of the breach of the agreement.

[FR Doc. 2021-23822 Filed: 11/4/2021 8:45 am; Publication Date: 11/5/2021]